

Heartland LLC is a private equity sponsored business with a roll up strategy in the commercial landscape maintenance, property enhancement and snow removal sector dedicated to building relationships and delivering exceptional service through leading commercial landscape firms across the United States.

- **Industry:** Commercial Landscape & Design
- **Location:** Kansas City, Missouri
- **Employees:** 3,700
- **GL:** Acumatica

Easing Complexity and Supporting Company Growth with Flexible FP&A



HEARTLAND

Budgets built in days provide a single source of truth to support strategic decision-making

ABOUT

Headquartered in Kansas City, Heartland LLC is a private equity sponsored business with a roll up strategy in the commercial landscape maintenance, property enhancement and snow removal sector dedicated to building relationships and delivering exceptional service through leading commercial landscape firms across the United States. The company's aggressive growth strategy is both M&A and organically focused. When acquiring a new company, Heartland will reach out to founder-owned commercial landscape and maintenance companies in order to give them an opportunity to monetize their life's work and to provide their teams the opportunity to grow with a large organization. To date, Heartland has acquired 22 companies comprising of 15 branded platforms, and earns \$400 million in revenue.

Heartland's philosophy when acquiring a company is "join us, stay you." The acquired company keeps its brand, service delivery, and staff. Heartland, in turn, provides financial backing, and a systems architecture that includes production, ERP, and FP&A systems, treasury, payroll and insurance services, as well as other back office support.

THE CHALLENGE

In 2017, Peter Welch joined Heartland as CFO. His first order of business was to select an FP&A platform that would support the company's growth plan. At the time, Heartland had just two companies, one of which used

QuickBooks, and the other used Asset, a platform designed for the landscape business.

"My first year here the budget was a chaotic collection of Excel spreadsheets that were emailed around, and lost version control with each hop. The budgets themselves had two different charts of accounts, ledgers, and revenue recognition methods. It became very evident that we needed one source of truth for all things budgeting and forecasting," explained Mr. Welch.

THE SOLUTION

As Heartland embarked on an FP&A platform selection process, which was quickly narrowed down to three vendors, one of which was Centage Planning Maestro.

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Peter Welch, CFO
Heartland, LLC

Mr. Welch selected Planning Maestro because it was the most straightforward and scalable solution.

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BENEFITS

Single Source of Truth

One of the biggest benefits of using Planning Maestro is that everyone in Heartland now has a single source of truth in terms of the budget, forecast and actuals. The platform has also streamlined the budgeting process to the point where Heartland can assign just four people to build the budgets for the 15 branded platform companies. “Planning Maestro has made it easy for us to standardize our drivers, our way of looking at revenue and cost of goods sold,” Mr. Welch said.

The standardization has provided Mr. Welch and his team with much-needed visibility into the overall health of the business. They can easily see trends in revenue, operating expenses and headcount for planning purposes, all without reaching out to an individual business for input.

Streamlined Monthly Reporting and Guidance

Heartland has a three-person FP&A team that is tasked with creating quarterly and semi-annual reforecasts for the branded platforms. The team also provides monthly guidance and flash results so that each company can track its progress to plan.

Heartland recognizes revenue once services are actually performed. Labor is the company’s biggest line item, and

has the biggest impact on profitability. But labor costs can be a moving target. “We work outside, which means our volume is highly dependent on weather events,” Mr. Welch explained. Additionally, the landscaping business is highly seasonal. “Our labor force can flex from 1,500 in the winter, to 3,700 in the summer.” Planning Maestro allows Heartland’s FP&A team to track metrics around its direct labor force quickly and easily.

What-If Scenario Planning

When the pandemic led to state-mandated lockdowns, Heartland went into scenario planning mode, running sensitivity models based on a range of potential outcomes. For instance, the FP&A team wanted to assess the impact on its financial statements if their restaurant and hospitality clients canceled service.

“We used Planning Maestro to do some worst-case scenario planning, such as losing 50% of our revenue and planned hours. It was a huge benefit to forecast the impact on our revenue.”

In the end, while Heartland lost some clients as anticipated, the company saw an uptick in business from homeowners associations, driven by people spending more time at home and wanting to enhance their environments. “We were fortunate that our worst-case scenario didn’t come to pass, but it was still helpful to know what it would look like so that we could plan ahead,” Mr. Welch said.

Flexible Reporting Makes for Easy Transition for Newly Acquired Companies

Integrating an acquired company into the company’s backend system is a bit of a process. It takes time to enter the chart of accounts into Heartland’s ledger and ERP system. In 2021, Heartland acquired seven companies, all of which needed to feed into the overall P&L.

“We don’t initially connect to their ledger through Planning Maestro. We manually map over their results into our chart of accounts, and upload it into a pro forma

version of our budget so that we can immediately begin reporting their results as part of ours. We rely on this until we’re able to fully migrate them into our backend systems. It’s a very easy transition to get new companies into our reporting.”

Scalability to Support a Diverse Business

Scalability is another key requirement for Heartland. The company tracks results for each branch of each company it acquires, which ultimately means tracking revenue and labor costs across 53 separate branches. Planning Maestro allows Heartland to track any number of data dimensions, making it extremely scalable in a branch-based and highly diverse business.

The End Result

Heartland is now able to build budgets for all of its companies in a matter of days, all based on common drivers and methods for recognizing and reporting revenue. The result is a trusted and shared version of truth which gives the company the confidence to make strategic decisions, such as which companies to acquire next, and when.

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